

AMENDED IN ASSEMBLY APRIL 5, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 775

Introduced by Assembly Member Calderon
(Coauthor: Senator Speier)

February 24, 1999

An act to amend Section 4603.2 of, and to add Section 4600.4 to, the Labor Code, relating to workers' compensation.

LEGISLATIVE COUNSEL'S DIGEST

AB 775, as amended, Calderon. Workers' compensation: medical care.

(1) Existing law ~~provides for the certification of health care organizations~~ *requires an employer* to provide health care to injured employees for injuries and diseases compensable under the law relating to workers' compensation. Existing law ~~provides for utilization review standards for these certified health care organizations~~ *requires the Administrative Director of Division of Workers' Compensation to biennially adopt and revise an official medical fee schedule.*

This bill would require that ~~any certified health care organization~~ *a workers' compensation insurer, third-party administrator, or other entity* that ~~provides~~ *requires* a treating physician to obtain either utilization review or prior authorization ~~for the diagnosis or treatment, or both, of in order to diagnose or treat~~ compensable injuries or diseases ensure the availability of those services during standard office hours, as ~~specified~~ *defined in the official medical fee schedule.*

(2) Existing workers' compensation law requires an employer to make payment for medical services rendered by an employee's treating physician after receipt of certain required reports, and requires that payment for medical treatment provided or authorized by the treating physician be made by the employer within 60 days after receipt of each separate, itemized billing, together with any required reports.

This bill would refer to payment for medical treatment provided or authorized by the treating physician selected by the employee or designated by the employer. It would also provide that if the billing or a portion thereof is contested or denied, the physician shall be notified, in writing, that the billing is contested or denied, within 30 working days after receipt of the billing by the employer.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 4600.4 is added to the Labor
2 Code, to read:

3 ~~4600.4. (a) Every certified health care organization,~~
4 ~~providing either utilization review or prior authorization~~
5 ~~for diagnosis or treatment, or both, for injuries and~~

6 4600.4. (a) A workers' compensation insurer,
7 third-party administrator, or other entity that requires, or
8 pursuant to regulation requires, a treating physician to
9 obtain either utilization review or prior authorization in
10 order to diagnose or treat injuries or diseases
11 compensable under this article, shall ensure the
12 availability of those services during standard office hours.

13 (b) For purposes of this section, "standard office
14 hours" means standard office hours as defined in the
15 official medical fee schedule adopted by the
16 administrative director pursuant to Section 5307.1.

17 SEC. 2. Section 4603.2 of the Labor Code is amended
18 to read:

19 4603.2. (a) Upon selecting a physician pursuant to
20 Section 4600, the employee or physician shall forthwith
21 notify the employer of the name and address of the

1 physician. The physician shall submit a report to the
2 employer within five working days from the date of the
3 initial examination and shall submit periodic reports at
4 intervals that may be prescribed by rules and regulations
5 adopted by the administrative director.

6 (b) Payment for medical treatment provided or
7 authorized by the treating physician selected by the
8 employee or designated by the employer shall be made
9 by the employer within 60 days after receipt of each
10 separate, itemized billing, together with any required
11 reports. If the billing or a portion thereof is contested or
12 denied, the physician shall be notified, in writing, that the
13 billing is contested or denied, within 30 working days
14 after receipt of the billing by the employer. Any properly
15 documented amount not paid within the 60-day period
16 shall be increased by 10 percent, together with interest at
17 the same rate as judgments in civil actions retroactive to
18 the date of receipt of the bill, unless the employer does
19 both of the following:

20 (1) Pays the uncontested amount within the 60-day
21 period.

22 (2) Advises, in the manner prescribed by the
23 administrative director, the physician, or another
24 provider of the items being contested, the reasons for
25 contesting these items, and the remedies available to the
26 physician or the other provider if he or she disagrees. In
27 the case of a bill which includes charges from a hospital,
28 outpatient surgery center, or independent diagnostic
29 facility, advice that a request has been made for an audit
30 of the bill shall satisfy the requirements of this paragraph.

31 If an employer contests all or part of a billing, any
32 amount determined payable by the appeals board shall
33 carry interest from the date the amount was due until it
34 is paid.

35 An employer's liability to a physician or another
36 provider under this section for delayed payments shall
37 not affect its liability to an employee under Section 5814
38 or any other provision of this division.

39 (c) Any interest or increase in compensation paid by
40 an insurer pursuant to this section shall be treated in the

1 same manner as an increase in compensation under
2 subdivision (d) of Section 4650 for the purposes of any
3 classification of risks and premium rates, and any system
4 of merit rating approved or issued pursuant to Article 2
5 (commencing with Section 11730) of Chapter 3 of Part 3
6 of Division 2 of the Insurance Code.

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